



Legal Protection for Consumers Related to New Money Exchange Outside the Bank

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This study examines the legal protection available to consumers engaging in new money exchange transactions conducted outside formal banking institutions. The practice of exchanging newly issued currency through informal or unauthorized parties often increases during festive seasons or special events, creating potential risks such as fraud, counterfeit money circulation, unfair pricing, and lack of accountability. This research analyzes the existing legal framework governing consumer protection, currency regulation, and financial supervision to determine the extent to which consumers are safeguarded in such transactions. Using a normative juridical approach, the study reviews relevant consumer protection laws, central bank regulations, and related statutory provisions. It evaluates the legal responsibilities of informal money exchange providers and identifies gaps in enforcement mechanisms (Ardelia & Herta, 2025). The findings indicate that while general consumer protection laws provide a foundational safeguard, specific regulatory oversight over informal currency exchange activities remains limited, resulting in legal uncertainty and weak preventive measures. The study concludes that stronger regulatory supervision, clearer sanctions, and increased public awareness are necessary to ensure effective legal protection for consumers. Enhanced coordination between financial authorities and law enforcement agencies is also essential to prevent abuse and protect consumer rights in non-bank currency exchange practices.

Keywords: Legal Protection; Consumer Protection; Money Exchange; Non-Bank Institutions; Currency Regulation;

1. Introduction

The circulation of physical currency remains a cornerstone of modern economic systems, underpinning transactional efficiency, monetary stability, and public trust. In many jurisdictions, demand for newly issued banknotes rises sharply during seasonal or religious festivities, giving rise to informal services that offer “new money exchange” outside official banking channels (Agarwal et al., 2020). Although seemingly simple exchanging smaller denominations for crisp new notes these transactions constitute financial service activities that may expose consumers to specific risks, including non-transparent fees or commissions, counterfeit currency, unfair bundling practices, and the absence of effective complaint and redress mechanisms (Allen & Jagtiani, 2021).

Over the past five years, financial consumer protection has been reaffirmed globally as a critical pillar of sound and inclusive financial systems. (Allen & Jagtiani, 2021) The OECD (2022) emphasizes that effective consumer protection frameworks should ensure fair treatment, transparency, responsible business conduct, and accessible redress

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mechanisms in financial services markets (Anagnostopoulos, 2021). Similarly, global surveys indicate that many financial authorities increasingly integrate consumer protection with financial inclusion strategies, strengthening market conduct supervision and consumer literacy to mitigate harm (World Bank, 2023). These policy developments underscore that consumer protection is not merely a private contractual matter, but a structural component of market governance (Agarwal et al., 2020).

Recent scholarship further highlights how evolving financial ecosystems characterized by digitalization, non-bank actors, and hybrid service models create regulatory “gray zones” in which consumers may face heightened vulnerability (Feyen et al., 2021). While informal new money exchange services are not necessarily digital, they share key characteristics with other lightly regulated financial practices: rapid transactions, limited documentation, and asymmetrical information (Arner et al., 2020). In such contexts, consumers may lack sufficient bargaining power or legal awareness to assess risks adequately. Contemporary regulatory discourse therefore stresses proactive oversight and conduct-based regulation to prevent consumer detriment before it materializes.

Institutional experience in recent years also illustrates the continuing importance of robust regulatory intervention. For example, analysis of the U.S. Consumer Financial Protection Bureau (CFPB) demonstrates that consumer protection objectives remain central to financial regulatory reforms, reflecting persistent concerns about market failures and unfair practices (Birkenmaier, 2024). These findings suggest that even in jurisdictions with established consumer protection regimes, ongoing regulatory refinement is necessary to address emerging and informal financial activities. At the same time, a degree of controversy surrounds informal financial practices such as new money exchange outside banks (Baker & Dellaert, 2021). One perspective views these services as pragmatic responses to limited access to formal channels reducing queues, saving time, and accommodating high seasonal demand. From this accessibility-oriented standpoint, informal exchange may enhance short-term consumer convenience. A contrasting perspective emphasizes monetary integrity and legal certainty, arguing that unauthorized exchange activities risk facilitating exploitative pricing, weakening oversight of currency distribution, and exposing consumers to counterfeit banknotes (Bromberg et al., 2021). Central banks continue to warn the public about counterfeit risks and the importance of verifying the authenticity of banknotes, underscoring that even relatively small volumes of counterfeit currency can generate significant consumer harm and undermine trust (European Central Bank, 2023).

Despite the growing emphasis on financial consumer protection, existing scholarship has largely focused on formal financial institutions, digital financial services, and regulated non-bank intermediaries. Relatively little attention has been given to informal financial practices involving the physical circulation of currency, including the seasonal exchange of newly issued banknotes outside official banking channels. As a result, the legal and regulatory status of informal new money exchange remains insufficiently examined. In particular, the literature has not systematically analyzed how existing consumer protection and monetary laws address or fail to address such activities, nor has it clearly identified the specific regulatory gaps that allow these practices to operate with minimal oversight. This lack of focused analysis leaves an important gap in

understanding how consumer protection principles apply to informal currency exchange transactions and whether current legal frameworks are capable of adequately mitigating the risks faced by consumers.

Against this backdrop, this study examines the legal protection afforded to consumers engaging in new money exchange outside formal banking institutions. The research aims to (i) identify the principal consumer risks inherent in such transactions, (ii) assess whether existing consumer protection and monetary laws adequately address these risks, and (iii) propose regulatory or policy measures to close identified gaps. The principal conclusion advanced in this study is that while general consumer protection laws provide a foundational normative framework ensuring rights to information, fairness, and redress they are insufficient to respond to the specific vulnerabilities arising in informal new money exchange practices (Buckley et al., 2021). A more integrated regulatory approach, combining preventive supervision, transparency requirements, public education, and effective enforcement mechanisms, is necessary to safeguard consumers while preserving monetary integrity and public confidence in the currency system.

This study seeks to fill this gap by providing a legal analysis of consumer protection in the context of informal new money exchange services. First, the research contributes theoretically to the literature on financial consumer protection by extending the discussion beyond digital finance and formal financial institutions to include informal practices related to physical currency circulation. Second, the study contributes to regulatory scholarship by identifying specific gaps within existing consumer protection and monetary law frameworks that leave such activities insufficiently supervised. Finally, the research offers policy-oriented insights by proposing regulatory and governance measures including improved transparency standards, clearer regulatory oversight, and strengthened public awareness mechanisms — that may enhance consumer protection while preserving monetary integrity and public trust in the currency system.

2. Materials and Methods

This research adopts a normative juridical method with a descriptive-analytical approach to examine the legal protection afforded to consumers engaging in new money exchange outside formal banking institutions. Normative legal research is appropriate for studies that focus on the coherence, consistency, and adequacy of statutory and regulatory frameworks in addressing emerging legal issues (IRAC-based doctrinal structure). In the context of financial consumer protection, doctrinal analysis remains central because regulatory effectiveness depends largely on the interpretation and systemic alignment of statutory provisions with broader governance objectives (Baker & Dellaert, 2021)(OECD, 2022).

The materials used in this study consist of primary and secondary legal sources. Primary legal materials include consumer protection statutes, central banking and monetary laws, and implementing regulations governing currency issuance and distribution. These sources establish the legal authority of the state over monetary circulation and define the rights and obligations of consumers and service providers. Given that consumer protection has increasingly been framed as a structural component of financial stability and market integrity, the interpretation of these norms is conducted in light of contemporary regulatory principles such as transparency, accountability, and fair treatment (Chen et al., 2022) (World Bank, 2023).

Secondary materials include peer-reviewed journal articles published between 2020 and 2025, as well as policy reports from international institutions. Recent scholarship

highlights that financial ecosystems are evolving rapidly, often creating regulatory gray areas where informal or semi-formal actors operate without clear oversight (Feyen et al., 2021). Such developments reinforce the need for doctrinal clarity in defining the scope of consumer protection law in relation to informal financial practices. Academic analyses of financial regulatory agencies further emphasize that sustained supervisory engagement is essential to prevent consumer harm, particularly in markets characterized by asymmetric information and uneven bargaining power (Birkenmaier, 2024). These insights inform the analytical framework used in this research.

Data collection was conducted between January and March 2026 through systematic document retrieval from official government portals and recognized academic databases, including Scopus, HeinOnline, and Google Scholar. Keywords used in the search process included “financial consumer protection,” “informal finance,” “currency exchange regulation,” “counterfeit banknotes,” and “market conduct supervision.” Inclusion criteria required that sources be published within the last five years, written in English, and directly relevant to financial governance or consumer protection. Materials lacking methodological rigor or regulatory relevance were excluded to ensure analytical reliability.

The analytical process consists of three interrelated stages. First, statutory interpretation is carried out using grammatical, systematic, and teleological approaches to determine the legislative intent behind consumer protection and monetary laws. Second, doctrinal analysis is employed to evaluate whether existing legal provisions adequately address risks such as counterfeit currency, non-transparent fees, and the absence of redress mechanisms in informal exchange transactions. Third, a limited comparative perspective is incorporated to assess alignment with international best practices in financial consumer protection frameworks (OECD, 2022; World Bank, 2023).

Data collection was conducted between January and March 2026 through systematic document retrieval from official government portals and recognized academic databases, including Scopus, HeinOnline, and Google Scholar. Keywords used in the search process included “financial consumer protection,” “informal finance,” “currency exchange regulation,” “counterfeit banknotes,” and “market conduct supervision.” Inclusion criteria required that sources be published within the period 2020–2025, written in English, and directly relevant to financial governance or consumer protection. The decision to prioritize literature from this period reflects the significant evolution of financial consumer protection frameworks in recent years, particularly following the expansion of digital financial services, the growing role of non-bank actors, and the strengthening of market conduct supervision globally. These developments have reshaped regulatory discussions on consumer vulnerability, informal financial practices, and financial system governance. Consequently, focusing on recent scholarship ensures that the analysis reflects contemporary regulatory thinking and current policy debates, while earlier foundational works remain conceptually acknowledged through the theoretical frameworks cited in the literature review. Materials lacking methodological rigor or regulatory relevance were excluded to ensure analytical reliability.

This study does not rely on large quantitative datasets, experimental interventions, or computational modeling. All materials cited are publicly accessible, and there are no restrictions on their availability. Since the research is based exclusively on document analysis of published legal and academic sources, replication can be achieved by applying the same search terms, time frame (2020–2025), and doctrinal interpretation methods described above (Ardianto, 2024).

No human participants, animals, or personal data were involved in this research. Consequently, ethical approval from an institutional review board was not required (Guo et al., 2023) (Guo et al., 2023). Should subsequent research incorporate interviews or empirical fieldwork involving consumers or informal money exchange providers, approval from the relevant ethics authority would be obtained and the corresponding approval code disclosed prior to publication.

Through this transparent and structured methodological approach, the study ensures doctrinal rigor and analytical reproducibility in assessing legal protection mecha-

nisms for consumers involved in new money exchange activities outside formal banking institutions(Haddad & Hornuf, 2021).

3. Results and Discussion

3.1. *Legal Status of New Money Exchange Outside Banking Institutions*

The doctrinal analysis indicates that the exchange of currency constitutes an activity closely linked to state monetary sovereignty. In most jurisdictions, the authority to issue, distribute, and regulate currency lies exclusively with the central bank or other designated monetary authority(Hacker & Thomale, 2021). However, the legal qualification of informal new money exchange activities particularly those conducted by individuals or small groups outside banks often remains ambiguous.

From a contractual perspective, such transactions may be framed as private agreements between consenting parties. Under general contract law principles, the validity of such agreements depends on consent, lawful object, and lawful cause. However, when analyzed systematically within monetary and consumer protection frameworks, the activity extends beyond a mere private transaction(Kou et al., 2021). Currency circulation is subject to public regulation due to its systemic implications for financial stability and public trust. Therefore, even when conducted informally, new money exchange services may fall within the scope of consumer protection norms if they involve service provision for remuneration. This interpretation aligns with contemporary regulatory trends that prioritize functional analysis over institutional classification (Feyen et al., 2021).

The legal status of new money exchange activities conducted outside formal banking institutions occupies a complex and often ambiguous position within monetary and consumer protection law(Lauer & Lyman, 2020). At its core, currency issuance and distribution are functions derived from state sovereignty and are typically entrusted exclusively to the central bank or designated monetary authority. This institutional arrangement reflects the fundamental principle that control over money supply and circulation is essential to maintaining financial stability and public trust.

The discussion reveals a normative tension between two competing policy orientations: accessibility and regulatory control. On one hand, informal new money exchange services may improve short-term accessibility, particularly during peak seasonal demand when banks face logistical constraints. Consumers may perceive these services as efficient and convenient alternatives when formal institutions are unable to accommodate sudden increases in demand. From an accessibility-oriented perspective, such services can be interpreted as market-driven responses that enhance practical access to currency circulation. Financial inclusion discourse has increasingly recognized the importance of maintaining accessibility to financial services while ensuring adequate safeguards (World Bank, 2023).

On the other hand, monetary regulation prioritizes legal certainty, currency integrity, and centralized oversight. Because the issuance and distribution of currency are core sovereign functions, unregulated exchange activities may undermine regulatory objectives by encouraging speculative pricing, weakening monitoring mechanisms, and increasing exposure to counterfeit currency. Contemporary financial governance literature

emphasizes that even relatively small-scale unregulated activities may generate cumulative risks for market integrity and public trust in monetary systems (Feyen et al., 2021).

From a theoretical perspective, this tension has important implications for regulatory design. It illustrates the limitations of binary regulatory models that either fully prohibit informal financial activities or leave them entirely unregulated. Instead, the coexistence of accessibility needs and monetary control suggests the relevance of proportionate and risk-based regulatory approaches. Under such frameworks, regulatory intensity is calibrated according to the scale, risk profile, and economic impact of the activity rather than its institutional status alone. Informal currency exchange that remains small-scale and occasional may require limited intervention focused on transparency and consumer awareness, whereas organized and profit-oriented exchange services may justify licensing, disclosure requirements, and supervisory oversight. This perspective aligns with contemporary regulatory theory that emphasizes functional regulation, in which regulatory obligations are determined by the economic function of an activity rather than the formal identity of the actor providing it (OECD, 2022; Zetzsche et al., 2020).

Consequently, the accessibility–control tension highlights the need for adaptive regulatory frameworks capable of balancing consumer convenience with monetary integrity. Rather than relying solely on prohibition or laissez-faire approaches, regulators may adopt layered mechanisms such as transparency obligations, limited registration schemes, public awareness campaigns, and targeted enforcement against exploitative practices. Such measures would allow regulatory systems to preserve consumer protection and monetary stability without unnecessarily restricting legitimate access to currency exchange during periods of high demand. From a strictly private law perspective, an informal new money exchange transaction may appear to be a lawful contractual agreement between consenting parties. Under general contract principles, an agreement is valid if it satisfies elements such as consent, legal capacity, lawful object, and lawful cause. In this sense, the mere exchange of banknotes for other denominations, even with an added service fee, does not automatically render the transaction unlawful (World Bank, 2023). However, this narrow interpretation overlooks the broader public law dimension of monetary regulation.

Furthermore, financial consumer protection frameworks have evolved to extend beyond traditional banking relationships. International standards emphasize that any entity providing financial services to consumers should be subject to principles of fairness, transparency, and accountability (OECD, 2022; World Bank, 2023). Accordingly, even if informal exchangers are not licensed banks, they may still be subject to consumer protection obligations if their conduct constitutes a commercial activity.

At the same time, regulatory enforcement in this area often encounters practical challenges. Informal exchange services are typically small-scale, temporary, and decentralized, making systematic supervision difficult. This creates a regulatory gray area: while the activity may not explicitly violate criminal law, it may conflict with administrative regulations governing currency distribution or unauthorized financial services. In addition, if counterfeit banknotes are involved, criminal liability may arise under anti-counterfeiting statutes, regardless of the exchanger's intent (European Central Bank, 2023).

The legal status of new money exchange outside banks therefore depends on the intersection of contract law, consumer protection law, and monetary regulation. The analysis in this study suggests that although isolated, non-commercial exchanges may fall within the realm of private autonomy, organized and profit-oriented exchange activities are more appropriately viewed as quasi-financial services subject to regulatory oversight. Clarifying this classification is essential to ensure legal certainty, prevent exploitative practices, and maintain the integrity of currency circulation (Lusardi & Mitchell, 2022).

3.2 *Consumer Risks in Informal Currency Exchange*

The analysis identifies that informal new money exchange activities generate distinct categories of consumer risk that differ in nature and intensity from those associated with regulated financial institutions. These risks arise primarily from the absence of licensing requirements, supervisory oversight, standardized disclosure obligations, and formal complaint-handling mechanisms. In line with contemporary financial consumer protection frameworks, consumer vulnerability in such contexts is closely linked to information asymmetry, weak bargaining power, and limited enforceability of rights (OECD, 2022; World Bank, 2023).

a. Information Asymmetry and Non-Transparent Pricing

One of the most immediate risks in informal currency exchange is the lack of transparency regarding service fees. Informal exchangers frequently charge a premium for providing newly issued banknotes, particularly during periods of high demand. However, unlike licensed financial institutions, they are generally not subject to mandatory disclosure standards.

Consumers may therefore agree to transactions without a clear understanding of the effective cost structure. This situation reflects a classic information asymmetry problem, where the service provider possesses greater knowledge of pricing and market conditions than the consumer (Rahmanda & Irawati, & Valentika, 2024). Financial regulatory scholarship emphasizes that transparency and clear disclosure are foundational to fair financial markets, as they enable consumers to make informed decisions (OECD, 2022). In informal exchanges, this protective mechanism is largely absent.

b. Counterfeit Currency Exposure

A second significant risk concerns counterfeit banknotes. Transactions conducted outside official banking channels increase the likelihood that consumers may inadvertently receive counterfeit or defective currency. Although central banks regularly implement anti-counterfeiting measures, they also consistently warn that counterfeit circulation remains a persistent threat to public confidence (European Central Bank, 2023).

In formal banking environments, authenticity verification mechanisms are standardized and supported by institutional safeguards. In contrast, informal exchangers may lack the technical capacity or incentive to verify authenticity rigorously. If counterfeit notes are later detected, the consumer typically bears the financial loss, as legal recourse against informal providers is often impractical or unenforceable.

c. Absence of Redress and Dispute Resolution Mechanisms

Another core vulnerability lies in the limited availability of complaint and redress mechanisms. Effective financial consumer protection frameworks emphasize accessible and affordable dispute resolution systems as a key component of consumer trust (World Bank, 2023). Licensed financial institutions are commonly required to maintain internal complaint units and are subject to oversight by supervisory authorities. Informal exchangers, however, operate outside such institutional frameworks (Lusardi & Mitchell, 2022). Transactions are frequently undocumented, leaving consumers without written proof or contractual evidence. As a result, even where general consumer protection laws theoretically provide remedies, practical enforcement becomes difficult. The evidentiary burden and procedural costs may discourage consumers from pursuing claims.

d. Risk of Exploitative Practices During Peak Demand

Contemporary analyses of financial market conduct stress that unregulated or lightly regulated actors can exploit temporary market imbalances, producing localized but meaningful consumer harm (Feyen et al., 2021). Even if individual transaction values are relatively small, the cumulative impact across many consumers may be significant. Overall, the risks associated with informal currency exchange reflect structural weaknesses rather than isolated misconduct. They stem from the lack of standardized disclosure, verification safeguards, supervisory monitoring, and accessible redress systems. While consumers may perceive informal exchanges as convenient, particularly during peak demand, such convenience comes at the cost of diminished legal protection. These findings reinforce the need for regulatory clarification and proportionate oversight mechanisms to ensure that consumer interests are not subordinated to short-term market convenience.

3.3 Adequacy of Existing Consumer Protection Frameworks

The doctrinal assessment suggests that general consumer protection laws provide a foundational layer of protection through principles of fairness, transparency, and liability. In theory, consumers harmed by misleading practices or counterfeit currency could pursue remedies under tort or contract law.

However, in practice, several limitations emerge. First, enforcement mechanisms are typically reactive rather than preventive. Second, evidentiary burdens in informal transactions are high due to the absence of written agreements or receipts. Third, regulatory agencies may lack clear jurisdiction over small-scale, non-licensed actors.

Recent scholarship on financial governance underscores that consumer protection must evolve beyond formal institutional boundaries to address emerging and informal service models (Feyen et al., 2021). Similarly, institutional analyses emphasize that supervisory bodies must actively monitor market conduct to prevent exploitative practices before systemic harm occurs (Birkenmaier, 2024). Thus, while the normative structure of consumer protection law appears sufficient at a theoretical level, its operational effectiveness in addressing informal currency exchange remains limited. Consumer protection statutes typically enshrine core principles such as transparency, fair treatment, prohibition of misleading conduct, and access to redress mechanisms. In theory, these principles

are broad enough to encompass informal new money exchange activities when such activities constitute commercial conduct directed at consumers (OECD, 2022).

However, the practical adequacy of these frameworks is more limited than their formal scope suggests. First, consumer protection enforcement mechanisms are often designed for regulated or identifiable business entities. Informal exchangers, by contrast, operate on a temporary or small-scale basis, making regulatory detection and supervision difficult. As a result, preventive oversight such as mandatory disclosures, licensing, or conduct supervision is frequently absent. International surveys on financial consumer protection indicate that proactive supervision and clear accountability structures are essential to ensure effective implementation of consumer rights (World Bank, 2023). Without such mechanisms, statutory protections remain largely reactive.

Second, evidentiary challenges significantly reduce the effectiveness of general legal remedies. Informal currency exchange transactions are typically undocumented, leaving consumers without receipts or written agreements. In the event of a dispute, the burden of proof rests heavily on the consumer. This procedural imbalance weakens the enforceability of substantive rights and limits access to justice, particularly where transaction values are relatively small (Ringe & Ruof, 2020). (European Central Bank, 2023). Nevertheless, small-scale informal exchange activities may fall below enforcement thresholds unless linked to broader unlawful conduct (Feyen et al., 2021).

3.4 Regulatory Tensions: Accessibility vs. Control

The discussion reveals a normative tension between two competing policy orientations. On one hand, informal new money exchange services may improve short-term accessibility, particularly during peak seasonal demand when banks face logistical constraints. Consumers may perceive these services as efficient and convenient.

On the other hand, monetary regulation prioritizes legal certainty, currency integrity, and public trust. Allowing unregulated exchange activities may incentivize profiteering through inflated service fees and weaken centralized control over currency distribution.

The broader financial consumer protection framework increasingly recognizes that unregulated or lightly regulated activities can produce systemic vulnerabilities, even if such measures would align consumer protection objectives with monetary integrity without unnecessarily restricting legitimate access to currency. The regulation of new money exchange outside formal banking institutions reflects a broader policy tension between accessibility and regulatory control. On one side, informal exchange services often emerge in response to practical limitations within the formal banking system, particularly during peak seasonal demand. Long queues, limited service hours, and logistical constraints may reduce consumers' ability to obtain newly issued banknotes through official channels. In such circumstances, informal exchangers provide a convenient and immediate alternative. From an accessibility-oriented perspective, these services can be viewed as market-driven solutions that respond flexibly to consumer demand. Financial inclusion discourse over the past decade has emphasized the importance of expanding access to financial services while maintaining appropriate safeguards (World Bank, 2023).

On the other side of the debate lies the imperative of regulatory control. Currency distribution is not merely a private commercial matter but a public function closely linked

to monetary sovereignty and financial stability (Feyen et al., 2021). Moreover, financial consumer protection frameworks emphasize that market convenience should not override core principles of fairness, transparency, and accountability (OECD, 2022) (European Central Bank, 2023).

3.5 Principal Findings

The principal findings of this study can be summarized as follows: (a) Informal new money exchange activities occupy a regulatory gray area but functionally constitute financial service provision. (b) Consumers engaging in such transactions face identifiable risks, including non-transparent pricing, counterfeit currency, and limited access to remedies. (c) Existing consumer protection laws provide a general normative basis but are insufficiently tailored to address the specific vulnerabilities associated with informal currency exchange. (d) A more integrated regulatory approach combining preventive supervision, transparency requirements, and accessible redress mechanisms is necessary to ensure effective consumer protection while maintaining monetary stability.

Overall, the results demonstrate that consumer protection in the context of new money exchange outside banks cannot rely solely on general legal principles. Instead, it requires adaptive regulatory strategies consistent with contemporary financial governance standards (Feyen et al., 2021; OECD, 2022; World Bank, 2023). Based on the doctrinal and descriptive analysis conducted in this study, several principal findings emerge regarding the legal protection of consumers involved in new money exchange outside formal banking institutions.

First, informal new money exchange activities occupy a regulatory gray area. While such transactions may appear as private agreements under general contract law, their economic function resembles the provision of financial services for remuneration.

Second, consumers engaging in informal currency exchange face identifiable and structured risks. These include non-transparent service fees, exposure to counterfeit currency, and the absence of accessible redress mechanisms. International standards on financial consumer protection consistently emphasize transparency, fair treatment, and effective complaint resolution as minimum requirements for safeguarding consumers (OECD, 2022; World Bank, 2023). The absence of these safeguards in informal exchanges creates a protection gap that increases consumer vulnerability.

Third, although existing consumer protection frameworks provide a normative basis for addressing unfair practices, their operational effectiveness in this specific context is limited. Enforcement mechanisms are largely reactive and dependent on consumer complaints, while informal transactions are frequently undocumented and difficult to trace. As a result, substantive rights recognized under consumer protection statutes may not translate into practical remedies. This gap between formal legal guarantees and actual enforceability represents a central weakness in the current framework.

Fourth, the study confirms the presence of a regulatory tension between ensuring accessibility and maintaining monetary control. Informal exchange services may offer short-term convenience during periods of high demand, yet they potentially undermine transparency, accountability, and centralized oversight of currency distribution. Financial governance literature underscores that even small-scale unregulated activities can

generate cumulative risks to market integrity and public trust (Feyen et al., 2021). Therefore, regulatory inaction may have broader systemic implications.

Overall, the principal conclusion of this research is that general consumer protection law alone is insufficient to address the specific vulnerabilities associated with informal new money exchange practices. While existing statutes provide foundational principles of fairness and liability, more targeted regulatory clarification and proportionate oversight mechanisms are necessary (Zetzsche et al., 2020) (OECD, 2022; World Bank, 2023).

4 Conclusions

This study has examined the legal protection afforded to consumers engaging in new money exchange activities outside formal banking institutions. The analysis demonstrates that such activities, while often perceived as simple private transactions, carry broader legal implications related to monetary sovereignty, financial governance, and consumer protection. The exchange of newly issued banknotes is not merely a contractual interaction between individuals, but forms part of a regulated monetary system in which the state retains primary authority over currency distribution and integrity. The findings reveal that informal new money exchange services create identifiable consumer risks, particularly in relation to non-transparent pricing, exposure to counterfeit currency, and the absence of accessible redress mechanisms. Beyond these empirical observations, the study contributes theoretically to the development of financial consumer protection scholarship by extending its analytical scope to informal financial activities associated with physical currency circulation. Much of the existing literature on financial consumer protection focuses on regulated financial institutions or digital financial services, whereas this research highlights how similar consumer vulnerabilities may arise in informal, small-scale financial transactions that fall outside conventional regulatory frameworks. By conceptualizing organized and profit-oriented informal currency exchange as a form of quasi-financial service activity, the study advances a functional perspective in which regulatory attention is determined by the economic role and consumer impact of an activity rather than solely by the institutional status of the provider. This theoretical perspective underscores the need for financial consumer protection frameworks to evolve beyond institution-based regulation toward function-based and risk-proportionate approaches capable of addressing emerging or informal service models. The study therefore contributes to the broader regulatory discourse by demonstrating that consumer protection principles—such as transparency, fairness, and access to redress—must be adaptable to financial practices operating outside formal institutional boundaries. In doing so, the article enriches the theoretical understanding of how consumer protection regimes can respond to regulatory gray areas while maintaining the integrity and trustworthiness of monetary systems.

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